

REMARKS

The Official Action dated November 16, 2006, the Examiner rejected pending claims 1,3-5,8-13 and 17, 18, 29 and 31-69 as obvious over Manduley 5,308,932 in combination with Edmonds 7,060,926 and Gunn 4,024,380. Applicants request that the Examiner reconsider the rejection in light of the following discussion.

The Examiner recognizes the Manduley 5,308,932 is directed to cancelling postage on mail pieces and it does not teach the use of a labeler. Applicants' undersigned attorney pointed out that the combination the Examiner proposes would be against postal regulations and procedures. Specifically, postal procedures dictate that there is not to be any type of covering, such as tape or a label, placed over a stamp. Doing so would make it easy for a person to reuse the stamp by simply removing the tape or label and using the stamp. This is why the post office will return a letter if it is mailed with tape over the stamp.

The Examiner's combination would not only ignore the postal procedures, the suggested combination would allow large scale reuse of stamps. If Manduley prints a cancellation mark on a label and then applies it to the postage to cancel the postage, what prevents someone from removing the label and reusing the postage? This is precisely why the post office will not allow a covering over postage. In short, postal procedures specifically teach away from the combination proposed by the Examiner—and for good reason. The combination would eviscerate the cancellation

procedure and allow for wide spread reuse of postage.

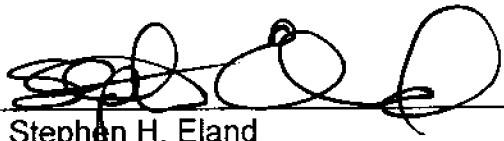
Since the postal procedures teach away from the proposed combination, Applicants request that the Examiner reconsider the rejection of the claims.

In light of the foregoing, Applicant believes that this application is in form for allowance. The Examiner is encouraged to contact Applicant's undersigned attorney if the Examiner believes that issues remain regarding the allowability of this application

Respectfully submitted,

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